



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: December 14, 2010

TO: Mayor and Councilmembers

FROM: Human Resources, Administrative Services Department

SUBJECT: Santa Barbara City Firefighters Employee Cost Sharing Of PERS Contributions

RECOMMENDATION: That Council:

- A. Introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Authorizing an Amendment to the Contract Between the City Council of the City of Santa Barbara and the Board of Administration of the California Public Employees' Retirement System for Fire Safety Employee Cost Sharing; and
- B. Adopt, by reading of title only, A Resolution of Intention to Approve an Amendment to Contract between the Board of Administration of the California Public Employees' Retirement System and the City Council of the City of Santa Barbara.

EXECUTIVE SUMMARY:

The recently ratified agreement between the City and the Santa Barbara City Firefighters Association included the provision that, as part of negotiated short-term labor concessions, Firefighters will participate in California Public Employees' Retirement System (PERS) employee cost sharing pursuant to Government Code Section 20516. Employee cost sharing is scheduled to begin January 15, 2011, at a rate equal to 4.982% of earnings, and will reduce to 2.982% beginning June 18, 2011 through June 30, 2013. Employee cost sharing will offset the City's required employer contribution.

This action will begin the PERS contract amendment process necessary to implement cost sharing as negotiated.

DISCUSSION:

As previously approved by Council, Fire Safety employee cost sharing will be accomplished through a PERS contract amendment to allow cost sharing, via pre-tax employee payroll deductions, of the 3% at 50 benefit enhancement negotiated in 2001.

To initiate the process, PERS requires the City to adopt this Resolution of Intention to approve the contract amendment. The City must then conduct a member election of participants in the Fire Safety PERS plan for members to either approve or disapprove the contract amendment by majority vote. If the measure is approved by majority vote, staff will return to Council with the necessary documents to finalize the contract amendment.

The PERS structured process generally takes at least three months to complete the employee election, ballot certification and the final contract amendment. In the interim, cost-sharing will be accomplished through post-tax payroll deduction payments by employees directly to the City, as contemplated under California Government Code Section 20516(f), effective January 15, 2011 at the rate equal to 4.982%.

In the event employee cost sharing via contract amendment cannot be accomplished, such as if the member election fails to approve the contract amendment, then employees will continue to make post-tax payments directly to the City at the rate equal to 4.982% of post-tax earnings, and reduced to 2.982% from June 18, 2011 through June 30, 2013.

BUDGET/FINANCIAL INFORMATION:

City cost savings of negotiated labor concessions, inclusive of the employee cost sharing, were delineated with the action to approve the extension to the Memorandum of Understanding between the City and the Santa Barbara City Firefighters Association.

PREPARED BY: Clare Turner, Benefits Analyst

SUBMITTED BY: Marcelo López, Assistant City Administrator

APPROVED BY: City Administrator's Office